

Arent, Fox, Kintner, Plotkin & Kahn

Washington Square 1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5339

INTERSTATE COMMERCE COMMISSION
DEC 19 1988 3-25 PM
RECORDATION NO. 15489
FILED 1425

John D. Hushon
(202) 857-6290

December 19, 1988
JDH-88/338

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

8-354A078
No. DEC 19 1988
Date 13.00
Fee \$
ICC Washington, D.C.

Re: File No. 15489, and following

Dear Madam:

I enclose for your recordation in accordance with 49 U.S.C. §11303 executed and notarized copies of Amendment No. 4 to Security Agreement dated as of December 19, 1988 to a certain Security Agreement dated January 22, 1988, which was filed with your office on February 1, 1988 and assigned File No. 15489. Amendments have also been filed with your office and assigned to the same file. The names and addresses of the parties to the above document are as follows:

Grantors:

PLM International, Inc.
655 Montgomery Street, Suite 1200
San Francisco, California 94111
Attention: Robert S. Leichtner
Vice President and General Counsel

Secured Parties:

Citicorp North America
601 Midland Avenue
Rye, New York 10580
Attention: Aircraft/Special Projects

Security Pacific National Bank
1 Embarcadero Center
San Francisco, California 94111

Collateral Covered: See Schedule 1-A

and the Lease with respect thereto attached as Exhibit A to the Amendment.

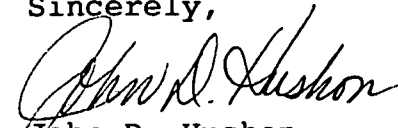
Secretary
December 19, 1988
Page 2

The Railroad Cars covered by this amendment have been the subject of previous ICC filings which have been released: ICC # 9909 and 11916.

A filing fee is enclosed. I would appreciate your filing one counterpart of the foregoing three documents under the provisions of 49 U.S.C. §11303 and stamping the additional copies of each of the documents for return to the parties involved in the transaction. We would also appreciate your returning to us a stamped copy of this transmittal letter, which is enclosed.

The undersigned certifies that he is acting as special ICC counsel in this transaction, that he has reviewed the above described documents and that the summary description contained in this transmittal letter is accurate.

Sincerely,



John D. Hushon

Enclosures

DESCRIPTION OF CARS

Quantity: 95 Cars

AAR Mechanical Designation: HTS

Identification Numbers:

DEGX	81468	DEGX	80323	DEGX	78167	DEGX	78008
DEGX	78073	DEGX	80452	DEGX	78049	DEGX	78198
DEGX	81473	DEGX	78098	DEGX	80440	DEGX	80357
DEGX	80286	DEGX	80330	DEGX	78196	DEGX	78118
DEGX	78017	DEGX	80307	DEGX	80398	DEGX	80437
DEGX	80263	DEGX	78146	DEGX	78173	DEGX	80451
DEGX	80312	DEGX	80239	DEGX	80348	DEGX	78099
DEGX	78087	DEGX	78137	DEGX	78023	DEGX	78033
DEGX	78069	DEGX	78165	DEGX	78116		
DEGX	78090	DEGX	78108	DEGX	78199		
DEGX	80310	DEGX	80365	DEGX	78051		
DEGX	80261	DEGX	81480	DEGX	80359		
DEGX	80390	DEGX	80320	DEGX	78208		
DEGX	78133	DEGX	80247	DEGX	78189		
DEGX	80300	DEGX	78204	DEGX	78111		
DEGX	78122	DEGX	78214	DEGX	80276		
DEGX	80458	DEGX	80314	DEGX	80399		
DEGX	80376	DEGX	78055	DEGX	80309		
DEGX	78044	DEGX	78180	DEGX	78144		
DEGX	78222	DEGX	78061	DEGX	80295		
DEGX	78066	DEGX	78123	DEGX	78105		
DEGX	80285	DEGX	78060	DEGX	80338		
DEGX	78048	DEGX	78207	DEGX	81482		
DEGX	80420	DEGX	78013	DEGX	80454		
DEGX	81483	DEGX	78062	DEGX	78082		
DEGX	78120	DEGX	80386	DEGX	80292		
DEGX	80358	DEGX	78150	DEGX	80264		
DEGX	78009	DEGX	78170	DEGX	78223		
DEGX	81466	DEGX	80266	DEGX	80331		

AMENDMENT NO. 4 TO SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION
DEC 19 1988 3-25 PM
RECORDATION NO. 15489-10
FILED 1425

This AMENDMENT NO. 4 TO SECURITY AGREEMENT ("Amendment") dated as of December 19, 1988, is made by PLM INTERNATIONAL, INC., a Delaware corporation ("Grantor"), to CITICORP NORTH AMERICA, INC., a Delaware corporation ("Citina") and SECURITY PACIFIC NATIONAL BANK, a national banking association ("SPNB") (Citina and SPNB are referred to hereinafter collectively as the "Lenders"), and amends that certain Security Agreement dated as of January 22, 1988, between the Grantor and the Lenders.

RECITALS

A. Pursuant to a Security Agreement (as amended, the "Security Agreement") dated as of January 22, 1988, between the Grantor and the Lenders, the Grantor has granted to the Lenders a security interest in certain rolling stock, and in Grantor's interest in any lease thereof. The Grantor desires to acquire additional rolling stock ("New Rolling Stock") with certain collateral ("Collateral") in which the Lenders have previously been granted a security interest. The Lenders have agreed to release their security interest in the Collateral so that the Grantor may acquire the New Rolling Stock, provided that the Lenders shall have been granted a security interest in the New Rolling Stock and in Grantor's interest in any lease ("Lease") of the New Rolling Stock.

B. The Grantor and the Lenders desire to amend the Security Agreement in order to make the New Rolling Stock and all Leases a part of the collateral covered by the Security Agreement and subject to all the terms and conditions contained therein.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to release their security interest in the Collateral, the Grantor and the Lenders hereby agree as follows:

1. Grant of Security

Schedule I to the Security Agreement is hereby amended by adding to said Schedule the New Rolling Stock listed in Schedule I-A hereto and the Lease attached as Exhibit A thereto.

2. Express Amendment

Except as specifically provided herein, the Security Agreement shall continue in full force and effect.

3. Counterparts

This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

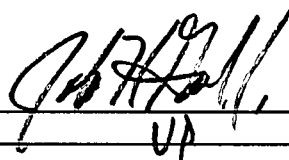
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

GRANTOR:

PLM INTERNATIONAL, INC.

By

Title:


VP

LENDERS:

CITICORP NORTH AMERICA, INC.

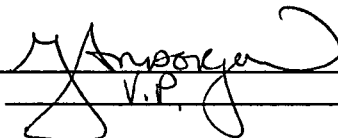
By

Title:

SECURITY PACIFIC NATIONAL BANK

By

Title:


V.P.

3. Counterparts

This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first above written.

GRANTOR:

PLM INTERNATIONAL, INC.

By _____
Title: _____

LENDERS:

CITICORP NORTH AMERICA, INC.

By _____
Title: _____ J.R.

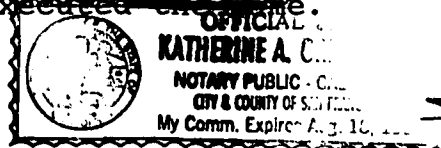
SECURITY PACIFIC NATIONAL BANK

By _____
Title: _____

STATE OF CALIFORNIA)
) ss
CITY AND COUNTY OF SAN FRANCISCO)

On December 12 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared J. Herbert Gaul, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as Vice President of PLM International, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL



Katherine A. C.
NOTARY PUBLIC

STATE OF _____)
) ss
COUNTY OF _____)

On _____ 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as _____ of Citicorp North America, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL

NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss
CITY AND COUNTY OF SAN FRANCISCO)

On December 16 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared Milt Anderson, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as Vice President of Security Pacific National Bank, the national banking corporation therein named and acknowledged to me that said national banking association executed the same.

NOTARY SEAL



Nannette F. Johnson
NOTARY PUBLIC

STATE OF CALIFORNIA)
)
CITY AND COUNTY OF SAN FRANCISCO) ss

On _____ 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as _____ of PLM International, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL

NOTARY PUBLIC

STATE OF New York)
)
COUNTY OF Westchester) ss

On December 9, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared Edward A. JACQUEL, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as Vice President of Citicorp North America, Inc., one of the corporations therein named and acknowledged to me that said corporation executed the same.

NOTARY SEAL

THOMAS A. MATAMOROS
Notary Public, State of New York
No. 31-378032
Qualified in New York County
Expires on or before November 10, 1991

Thomas A. Matamoros
NOTARY PUBLIC

STATE OF CALIFORNIA)
)
CITY AND COUNTY OF SAN FRANCISCO) ss

On _____ 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the written instrument as _____ of Security Pacific National Bank, the national banking corporation therein named and acknowledged to me that said national banking association executed the same.

NOTARY SEAL

NOTARY PUBLIC

DESCRIPTION OF CARS

Quantity: 95 Cars

AAR Mechanical Designation: HTS

Identification Numbers:

DEGX	81468	DEGX	80323	DEGX	78167	DEGX	78008
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DEGX	81466	DEGX	80266	DEGX	80331		

EXHIBIT A

LEASE AGREEMENT FOR
RAILROAD CARS

(Net Lease)

This Lease Agreement dated as of the 20th day of September, 1988 (the "Agreement"), by and between PLM Investment Management, Inc. ("IMI"), a California corporation (with its principals, collectively, for convenience, "Lessor"); and Burlington Northern Railroad Company, a Delaware corporation ("Lessee"), with a principal place of business at 9401 Indian Creek Parkway, P. O. Box 29136, Overland Park, Kansas 66201-9136.

IDENTITY OF LESSOR

The parties hereto recognize and acknowledge that IMI may be acting under management agreements as agent for certain principals which shall, from time to time, be identified in a rider to this Agreement should Lessee so request. IMI, at any time, and from time to time, shall have the right to add principals (and amend or supplement a rider to include such principals) and upon so doing may so notify Lessee; provided, however, that notwithstanding the date of such notification, such principal(s) shall be deemed a party hereunder, effective as of the date the cars owned by such principal and managed by IMI are delivered to Lessee. Any amended or supplemented rider shall, from time to time, be delivered to Lessee. Lessee agrees to cooperate with IMI and any principal for the purpose of complying with any reasonable requirements of any lender, the Interstate Commerce Commission or the provisions of Article 9 of the Uniform Commercial Code provided that such cooperation does not materially affect the rights or liabilities of Lessee hereunder. Except as otherwise provided, this Agreement shall be administered by IMI or such third person or entity as IMI may from time to time identify; provided, however, that such assignment to such third person or entity shall not be effective against Lessee if Lessee is so notified of such assignment.

WITNESSETH:

1. Lease. Lessor agrees to furnish and lease to Lessee, and Lessee agrees to accept and use, subject to inspection as set forth in Section 4 of this Agreement, the terms and conditions herein set forth, the cars covered by the riders attached hereto and such additional riders as may be added hereto from time to time by agreement of the parties, and any and all other cars delivered to and accepted by Lessee. Each rider shall set forth the number of cars, the rental rate, term of use, car numbers, and other pertinent information that may be desired by both parties. All cars leased pursuant to such riders, or otherwise delivered to and accepted by Lessee, are subject to the terms of this Agreement.

2. Delivery. The cars shall be delivered to Lessee at such point or points as are set forth in the applicable rider. Lessor's obligation as to such delivery shall be excused during the pendency of delays resulting from causes beyond its control. Lessee agrees to use the cars subject to the Interchange Rules ("Interchange Rules") of the Association of American Railroads ("AAR") except as hereinafter provided, and none of the cars shall be shipped beyond the boundaries of Canada or the United States except with the prior written consent of Lessor.

DER
Law
10/7/88

Upon delivery of the cars, Lessee, at its expense, shall remove the "DGEX" marks on each car and restencil each car to "PLMX" marks within sixty (60) days from the date the cars were delivered to the Lessee.

3. Rent. Lessee agrees to pay the rental charges with respect to each of the cars from the date of delivery thereof and until such car is returned to Lessor. Each monthly rental charge shall be paid in arrears on the last day of the month, prorating, however, any period which is less than a full month on the basis of a month of thirty (30) days. The rental shall be payable without deduction, reduction, set-off or counterclaim of any kind, for any reason, whether or not related to this Agreement. Such rental charges shall be paid to Lessor at the address set forth in the riders to this Agreement.

4. Acceptance. Each of the cars shall be subject to Lessee's inspection upon delivery to Lessee to ensure that it is in good condition and repair and conforms to applicable specifications and Interchange Rules. Failure to report any defect in the car within ten (10) days after delivery of the car or the loading of each such car by Lessee, or at its direction, shall constitute acceptance thereof by Lessee and shall be conclusive evidence of the fit and suitable condition thereof for the purpose of transporting the commodities then and thereafter loaded therein or thereon. Should Lessor so request, Lessee agrees to execute a Certificate of Inspection and Acceptance evidencing its receipt of the cars. LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER OF, OR A DEALER IN, CARS, AND THAT IT LEASES THE CARS AS IS, AND LESSOR HAS NOT MADE, AND DOES NOT MAKE, ANY AGREEMENT, REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY OR SUITABILITY OF THE CARS FOR ANY PARTICULAR PURPOSE, AND ALL SUCH WARRANTIES ARE HEREBY DISCLAIMED. Lessor will cooperate with Lessee to enforce any available warranty with respect to the cars. In no event shall Lessor be liable to Lessee for any special or consequential damages such as, but not limited to, loss of profits or loss of use.

5. Records. Upon the reasonable request of Lessor, Lessee agrees to promptly furnish Lessor with reports of the car movements, including dates received, loaded and shipped, commodity, destination and full junction routing, and all information which Lessee may receive from railroad companies or other sources which may be required by Lessor to comply with or verify requirements of regulatory or tax authorities.

6. Maintenance. Lessee, at its sole expense, shall maintain and keep the cars in good repair, condition and working order (ordinary wear and tear excepted), suitable for use in interchange under the Interchange Rules, and shall furnish any and all parts, mechanisms, devices and labor required to keep the cars in such condition.

7. Lessee Responsibility. Notwithstanding anything contained herein to the contrary, Lessee shall be responsible for and shall indemnify Lessor and hold Lessor harmless and does hereby release Lessor from the sudden loss or destruction of, or damage to, a car or any part thereof during the term of this Agreement.

Lessee shall notify Lessor of the loss or destruction of any of the cars within seven (7) days of the date of such event. The amount of loss resulting from the sudden loss or destruction of a car shall be measured by its replacement value as determined immediately prior to the time of such loss or destruction. The "replacement value"

shall equal the amount payable by a railroad subscribing to the Interchange Rules for the car if the car had been in service of such railroad.

8. Loss or Damage to Lading. Lessor shall not be liable for any loss of or damage to commodities, or any part thereof, loaded or shipped in or on the cars, and Lessee agrees to assume financial responsibility for, to indemnify Lessor against, and to save it harmless from any such loss or damage, unless caused by the sole negligence of Lessor.

9. Claims. Lessee agrees to indemnify and hold Lessor harmless from and against any loss, liability, claim, damage or expense (including, unless Lessee assumes the defense, the reasonable cost of investigating and defending against any claim for damages) arising out of, or in connection with, the use of the cars during the term of this Agreement.

10. Load Limits. Lessee agrees not to load any of the cars in excess of the load limit stenciled thereon, except that cars traveling on Burlington Northern tracks exclusively shall be permitted a total gross weight on rail of up to, but not to exceed, 268,000 pounds per car.

11. Charges. Lessee shall be liable for any demurrage, track storage or detention charge imposed on, or in connection with, any of the cars.

12. Sublease and Assignment. Lessee shall make no transfer, assignment, or encumbrance of its interest under this Agreement in and to the cars without Lessor's prior written consent, which consent shall not be unreasonably withheld. If Lessee delivers notice to Lessor of its intent to sublease, and if Lessor does not respond within two (2) business days after such notification by Lessee, permission to sublease shall be deemed granted; provided, however, that notwithstanding any such sublease, Lessee shall continue to remain liable to Lessor under all conditions and terms of this Agreement.

No right, title or interest in any of the cars shall vest in Lessee by reason of this Agreement or by reason of the delivery to, or use by, Lessee of the cars, except the right to use the cars in accordance with the terms of this Agreement. Lessee shall keep the cars free of any lien, claim, demand, or encumbrance created by or through Lessee and agrees to indemnify Lessor and hold Lessor harmless from any cost or encumbrance. Lessee agrees to execute one or more memoranda of this Agreement for recordation with the Interstate Commerce Commission.

13. Default. If Lessee defaults in the payment of any sum of money to be paid under this Agreement and such default continues for a period of ten (10) days after notice to Lessee of such default; or if Lessee fails to perform any covenant or condition required to be performed by Lessee, which failure shall not be remedied within fifteen (15) days after notice thereof from Lessor to Lessee; or if Lessee shall dissolve, make or commit any act of bankruptcy, or if any proceeding under any bankruptcy or insolvency statute or other laws relating to relief of debtors is commenced by Lessee, or if any such proceeding is commenced against Lessee and same shall not have been removed within thirty (30) days of the date of the filing thereof, or if a receiver, trustee or liquidator is appointed for Lessee or for all or a substantial part of Lessee's assets with Lessee's consent, or if, without Lessee's consent, the same shall not have been removed within

thirty (30) days of the date of the appointment thereof; or if an order, judgment or decree be entered by a court of competent jurisdiction and continue unpaid and in effect for any period of thirty (3) consecutive days without a stay of execution; or if a writ of attachment or execution is levied on any car and is not discharged within ten (10) days thereafter, Lessor may exercise one or more of the following remedies with respect to the cars;

(a) Immediately terminate this Agreement and Lessee's rights hereunder;

(b) Require Lessee to return the cars to Lessor at Lessee's expense, and if Lessee fails to so comply, Lessor may take possession of such car without demand or notice and without court order or legal process;

(c) Lease the cars to such persons, at such rental and for such period of time, as Lessor shall elect. Lessor shall apply the proceeds from such leasing less all costs and expenses incurred in the recovery, repair, storage and renting of such cars, toward the payment of Lessee's obligations hereunder. Lessee shall remain liable for any deficiency, which, at Lessor's option, shall be paid monthly, as suffered, or immediately, or at the end of the term as damages for Lessee's default;

(d) Bring legal action to recover all rent or other amounts then accrued or thereafter accruing from Lessee to Lessor under any provision hereunder; or

(e) Pursue any other remedy which Lessor may have.

Each remedy is cumulative and may be enforced separately or concurrently. If Lessee fails to perform any of its obligations hereunder, Lessor, at Lessee's expense, and without waiving any rights it may have against Lessee for such nonperformance, may itself render such performance. Further, Lessee shall reimburse Lessor for all costs and expenses including reasonable attorney's fees expended by Lessor in the enforcement of its rights and remedies hereunder, and Lessee shall pay interest on any amount owing to Lessor from the time such amount becomes due hereunder at a monthly rate of one and one-half percent (1-1/2%), such rate to be reduced, however, to the extent it exceeds the maximum rate permitted by applicable law. In addition, Lessee shall, without expense to Lessor, assist Lessor in repossessing the cars and shall, for a reasonable time if required, furnish suitable trackage space for the storage of the cars.

If applicable, Lessor shall be entitled to the remedies of a Lessor under Section 1168 of the U.S. Bankruptcy Code.

14. Return Provisions. Upon the termination of each rider, Lessee agrees to return the cars to Lessor at any point located on Lessee's rail system designated by Lessor, in the same or as good condition as received, ordinary wear and tear excepted, reasonably free and clear from all accumulations or deposits from commodities transported in or on the cars while in the service of Lessee and, at Lessor's expense, bearing such marks as Lessor shall designate. If any car is not returned to Lessor free from such accumulations or deposits, Lessee shall reimburse Lessor for any expense incurred in cleaning such car. If requested by Lessee, Lessor and Lessee shall conduct a joint inspection to determine compliance with the return provisions of this Section 14.

15. Taxes. All federal, state, provincial, and local taxes levied or assessed against the cars furnished Lessee under this Agreement, payable on account of the ownership of such cars, shall be paid by Lessor, and all returns and reports in connection therewith shall be made by Lessor. All taxes payable on account of or measured by the rental paid or the use of such cars (excluding any tax which is based solely upon or measured solely by Lessor's net income) shall be the responsibility of Lessee. In the event any taxes or assessments, other than those payable on account of ownership, are levied against the cars or the rental paid for the use of the cars covered by any rider to this Agreement by any federal, state, provincial or local authority, in addition to those taxes or assessments in effect on the effective date of such rider, Lessee agrees to pay to Lessor, in addition to any other amounts due, a sum equal to the amount of any such taxes or assessments.

In order to avoid recapture of any tax benefit claimed by Lessor with respect to the cars, including, but not limited to, any deduction allowable under Section 168 and related Sections of the Internal Revenue Code of 1986, as amended (the "Code"), Lessee shall: (i) use the cars predominately within the continental United States, in accordance with the Code; (ii) shall cause third parties having control over their use to use the cars predominately within the continental United States, in accordance with the Code; and (iii) shall not take any action that will cause the cars to be considered tax-exempt use property within the meaning of the Code.

If Lessor (or any owner of a partnership or beneficial interest of Lessor) shall lose by disallowance, recapture or otherwise, any portion of said tax benefits as the result of Lessee's breach of this Agreement (including but not limited to this Section 15), Lessee agrees to pay Lessor or such owner a sum which, after deduction of all taxes required to be paid by Lessor or such owner in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, shall be equal to the amount of the tax benefits so lost by Lessor or such owner, which sum shall be payable on written demand made at any time after payment of the tax attributable to the portion of the tax benefits lost; provided, however, that Lessee shall be under no obligation to indemnify Lessor for the amount of any tax benefits lost with respect to any car for which Lessee has paid to Lessor the replacement value set forth in Section 8 hereof.

16. Mortgages; Liens. It is understood that some or all of the cars furnished Lessee under this Agreement and Lessor and/or its principal's rights under this Agreement may at the time of delivery to Lessee, or at some future time during the term of this Agreement, be subject to the terms of any lien or encumbrance (a "Lien") including a Mortgage, Deed of Trust, Equipment Trust, Pledge or Bill of Sale or similar security arrangement. Lessee agrees that any or all of the cars may be stenciled or marked at Lessor's expense to set forth the ownership of any such cars in the name of the holder of any Lien (the "Lien holder") including a mortgage, trustee, pledgee, assignee or security holder and that this Agreement and Lessee's rights hereunder are and shall at all times be, subject and subordinate to any and all rights of any Lien holder. Lessee agrees that upon the reasonable written request of Lessor or any Lien holder, at any time or from time to time, Lessee will enter into a written agreement with any Lien holders(s): (i) that the Lien(s) will have priority and be entitled to all rights therein as though the Lien were made before this Agreement and on the making of this Agreement, Lessee has knowledge of the Lien; (ii) confirming the security created by the Lien and rights given to the Lien holder(s); and (iii) agreeing this Agreement will be subject and subordinate to the

Lien(s) and the rights of the Lien holder, so long as Lessee's rights are not thereby diminished nor its obligations thereby enlarged.

This Agreement and/or any of Lessor's rights hereunder, including rentals, may have been assigned and may in the future be assigned to any Lien holder(s) or others. Lessee hereby consents to and accepts any such Assignment. Lessee acknowledges notice of any such Assignment and of any Lien which is filed under Section 11303 of the Interstate Commerce Act of the United States of America. However, Lessee is to pay all rentals hereunder to Lessor and have all its dealings hereunder with Lessor until notified to the contrary by any person proving to Lessee's reasonable satisfaction that he is the assignee of this Agreement and/or the relevant rights of Lessor hereunder and is entitled to intervene. Lessee represents that it has received no notice of any other mortgage, charge, hypothecation or encumbrance on or of any assignment, sale or disposition of any car covered hereby or of any of Lessor's rights hereunder. Lessee agrees that no claim or defense which Lessee may have against Lessor shall be asserted or enforced against any assignee under a collateral security agreement of this Agreement ~~and/or any right hereunder.~~

DEB
5/1

17. Notices. Any notice, demand or request required or permitted to be given or served by either party to or upon the other hereunder, shall be in writing and shall be deemed to have been made when deposited in the United States or Canada by certified or registered mail, postage prepaid and addressed to Lessor or Lessee at the address set forth in a rider to this Agreement.

18. Successors. This Agreement shall be binding upon the parties hereto, their respective successors, assigns and legal representatives; and shall remain in full force and effect from the date hereof until the completion of the leasing arrangement and the attached riders of the last car or cars hereunder, and all such cars are returned to Lessor.

19. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

20. Insurance. Lessee shall, at all times prior to the return of the car to Lessor in accordance with the terms of this Agreement and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the cars against the risks and in the amounts, if any, customarily insured against by Lessee in respect to similar equipment owned or leased by it. Notwithstanding anything to the contrary in this paragraph 20, Lessee shall be permitted to provide for customary deductibles and/or self insurance.

21. Additional Provisions. Additional provisions of this Agreement may be set forth in a rider, which, if executed by Lessor and Lessee, is incorporated herein by reference.

22. Representations and Warranties of Lessee. Lessee represents and warrants that, as of the date of this Agreement:

(a) Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and is either duly qualified to do business and is in good standing in such other jurisdictions in which the business is

activities of Lessee require such qualification, or its failure to so qualify in such other jurisdiction will not have a materially adverse impact on this Agreement.

(b) Lessee has full corporate power to enter into this Agreement.

(c) The Agreement has been duly authorized, executed and delivered by Lessee, and constitutes a valid, legal and binding agreement, enforceable in accordance with its terms.

(d) No approval is required by Lessee from any governmental or public body or authority with respect to the entering into, or performance of, this Agreement.

(e) The entering into, and performance of, this Agreement will not conflict with, or result in a breach of, the terms, conditions or provisions of; (i) any law, or any regulation, order, injunction, permit, franchise or decree of any court or governmental instrumentality; and (ii) any indenture, agreement or other instrument to which Lessee is party or by which it or any of its property is bound.

(f) Lessee is neither an organization described in Section 48(a)(4) nor a governmental unit described in Section 48(a)(5) of the Internal Revenue Code of 1986.

23. Modifications. In the event the U.S. Department of Transportation, or any other governmental agency or non-governmental organization having jurisdiction over the operation, safety or use of railroad equipment, requires that the cars subject to this Agreement be modified or adjusted in order to qualify them for operation in railroad interchange, Lessor shall make such modifications or adjustments at Lessor's sole expense, and Lessee agrees to pay additional rent in the amount of \$1.75 per car for each \$100 expended by Lessor on such car, or such other monthly charge in lieu thereof, as may be provided for "Modifications" on any rider hereto, effective as of the date the car is released from the shop after application of such additions, modifications, or adjustments (hereinafter "Modifications"); provided, however, if the cost of such Modifications shall exceed \$5,000 per car, Lessee shall have the option to terminate this Agreement upon the date specified as the "effective date" for such Modifications. No rental credits will be issued on cars entering the shop for any Modifications for the first thirty (30) days in the shop. Lessor may, in its sole discretion, determine, prior to making any Modifications, that the cost thereof is not economical to expend in view of the estimated remaining useful life of such car, and Lessor may elect to terminate this Agreement with respect to such car upon the date specified in writing by Lessor.

(This space intentionally left blank.)

24. Captions. Captions to any provision of this Agreement are for ease of reference only and are not to be construed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement (such execution may be by two or more counterparts, each of which shall be deemed an original) the date and year first above written.

LESSEE:

BURLINGTON NORTHERN RAILROAD COMPANY

By: *J. E. Bohm*
Title: *V.P. Freight Equip.*

LESSOR:

PLM INVESTMENT MANAGEMENT, INC.

By: *Stefan Bohm*
Title: *V.P.*

RIDER 1-1
LEASE AGREEMENT FOR RAILROAD CARS DATED SEPTEMBER 20, 1988
BURLINGTON NORTHERN RAILROAD COMPANY

- I. NUMBER OF CARS:
Three Hundred (300)
- II. DESCRIPTION OF CARS:
3800 c.f., 100 ton, Ortner Rapid Discharge Coal Cars
- III. TERM:
Date of Delivery until March 31, 1992
- IV. RENTAL RATE:
\$350.00 per car per month
- V. ANTICIPATED DELIVERY PERIOD:
It is anticipated that the cars will be delivered according to the following schedule.

Ninety-five (95) cars in October, 1988
Ninety-five (95) cars in December, 1988
Ninety-five (95) cars in January, 1989
Fifteen (15) cars in February, 1989

It is also agreed upon by and between Lessor and Lessee that Lessee is under no obligation whatsoever to accept any cars delivered after March 31, 1989.
- VI. PLACE OF DELIVERY:

At a CSXT/BN junction point to be mutually agreed upon in writing prior to the delivery of the first of the cars.
- VII. COST OF DELIVERY TO BE BORNE BY:

Lessor
- VIII. MILEAGE ALLOWANCE AND ADDITIONAL USAGE RENTAL:

None
- XI. THE CARS MAY BE USED ONLY FOR THE TRANSPORTATION OF THE FOLLOWING TYPES OF COMMODITIES:

Low sulphur coal

RIDER 1-1 (continued)
LEASE AGREEMENT FOR RAILROAD CARS DATED SEPTEMBER 20, 1988
BURLINGTON NORTHERN RAILROAD COMPANY

X. SPECIAL ITEMS:

Lessee will have the option to renew all, but not less than all, of the cars for a three (3) year term at a rent mutually agreeable to Lessor and Lessee, provided (i) Lessee has given Lessor written notice at least one hundred eighty (180) days prior to the expiration of the initial term of its intent to renew, and (ii) Lessor and Lessee have agreed to the renewal rent at least ninety (90) days prior to the expiration of the initial term.

XI. ADDRESSING OF NOTICES:

Lessee to Lessor

PLM Investment Management, Inc.
655 Montgomery Street, Suite 1200
San Francisco, CA 94222

Lessor:

PLM INVESTMENT MANAGEMENT, INC.

By: 

Title: V.P.

Lessor to Lessee

Burlington Northern
Railroad Company
9401 Indian Creek Parkway
P. O. Box 29136
Overland Park, KS 66210

Lessee:

BURLINGTON NORTHERN
RAILROAD COMPANY

By: 

Title: VP Freight Expt

RIDER 1-2
LEASE AGREEMENT FOR RAILROAD CARS DATED SEPTEMBER 20, 1988
BURLINGTON NORTHERN RAILROAD COMPANY

IDENTIFICATION OF PRINCIPAL

PLM Equipment Growth Fund III

RIDER 1-3
LEASE AGREEMENT FOR RAILROAD CARS DATED SEPTEMBER 20, 1988
BURLINGTON NORTHERN RAILROAD COMPANY

CERTIFICATE OF ACCEPTANCE OF
RAILROAD CAR

This Certificate relates to the railroad cars listed below leased by PLM Investment Management, Inc. to Burlington Northern Railroad Company under a Lease agreement for Railroad Cars dated October 1, 1988 (the "Lease") into which this Certificate is incorporated (by Section 4 thereof).

RAILROAD CAR NUMBERS

Lessee hereby certifies its acceptance of the railroad cars.

Lessee hereby certifies that the representations and warranties of Lessee contained in the Lease are true and correct on the date hereof.

Executed: _____

BURLINGTON NORTHERN
RAILROAD COMPANY
"Lessee"

By: _____